

FEBRUARY 20, 1986

C4722-2

CableVision

THE NEWS AND FEATURES WEEKLY OF THE CABLE TELEVISION INDUSTRY

HBO SOFTENING OPPOSITION TO PPV

GROUP W SPLIT-UP UNCERTAIN AS NEW PLAYERS EMERGE

DISNEY CITES STRONG SUBSCRIBER GAINS

TVRO INDUSTRY SEEKS WAYS TO BEAT SCRAMBLING BLOW

SYSTEM MARKETING OPTIONS: PERSONAL SALES STILL MAINSTAY

WE'RE SQUEEZING A LOT MORE FUN INTO THE SAME SIZE TUBE.

CABLE TV IS HERE!

BEFORE YOU TRY SELL A SYSTEM YOURSELF CONSIDER WHAT YOU'RE GETTING INTO.

And you've been chosen to receive 30 days of...

FREE! 27 channels (worth \$10)
FREE! Video (up to 10) (worth \$5)
FREE! 24-hour emergency service (worth \$5)

Plus FREE INSTALLATION (worth \$25)!
Total value: up to \$50 FREE!

LET'S TAKE A FEW MINUTES TO COMPLETE Your VIEWER PROFILE

CHOOSE international performing arts from around the world

CHOOSE the biggest Hollywood hits

CHOOSE Broadway musicals, concert specializations and religious services

CHOOSE quality children's entertainment

And clear reception on every channel!

CHOOSE 24-hour emergency service

CHOOSE 24-hour in-depth news

CHOOSE new adult entertainment

GIMME FIVE.

ATTENTION VCR owners!

Get the MOST from your VCR

McGraw Cablevision

CableVision

LEADING THE WEEK

Fuchs on PPV 11

Home Box Office Chairman and Chief Executive Officer Michael Fuchs last week told the Washington Cable Club "there maybe a time and a place" for PPV.

Disney subs growing 12

The Disney Channel added more than three-quarters of a million subscribers last year, making it the fastest-growing pay channel.

Showtime marketing push 16

Showtime/The Movie Channel officials have pledged an all-out marketing

effort in 1986 to ensure growth for their services.

Group W Breakup 18

Despite concern over tax liabilities, the buyers of Group W cable have begun revealing their uncertain plans for final ownership of the properties.

Van Valkenburg picked 19

A/T-C and Houston Industries have named David Van Valkenburg, former president of Cox Cable, as the president and CEO of their new joint cable operating company.

Scrambling impact 20

The TVRO industry is coming to terms with the reality of scrambling.

Billing regulations 21

The Massachusetts Cable Television Commission has proposed new regulations to govern the billing and disconnect practices of cable operators.

Must-carry deadline 24

Top officials of broadcasting and cable are meeting in an attempt to reach a compromise before the broadcaster-imposed Feb. 15 deadline.

TOPICS

Programming 26

The unofficial consortium of regional sports programming executives will meet in Florida this March to map out their game plans for the month ahead.

MTV will launch the *MTV International Hour* this date. The monthly series will feature foreign videos from all over the world.

System Profile 32

Media General of Fairfax Co., Va. with aerial wiring nearly completed has found a solution to unusual problems that have slowed the underground portion of the new build.

Marketing 39

MTV President Bob Pittman told a luncheon of the National Academy of Television Arts and Sciences recently that basic cable network's need to sell advertising as though selling ads for a specialized consumer magazine.

Financial Roundtable, Part II 40

Brokers and cable operators conclude their discussion about the trends in today's hot cable market.

Business 45

Time Inc. reports a drop in profit while revenues continue to climb. Fourth quarter results for video were slightly below expectations.

Media Watch 47

The Television Bureau of Advertising reported last week that cable viewing gained over broadcast last year, although over the air viewing growth surpassed cable in the fourth quarter.

Two technical innovations at the recent NABTE convention drew special interest, including a Japanese high definition television system and a new Ku-band satellite network.

Departments

Products 48

People 49

Events 50

Classifieds 53

Advertisers' Index 55

Cable Stats 56

Parting Words 58

GIMME FIVE.

ATTENTION VCR owners.

Get the MOST from your VCR

McGraw Cablevision

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Cover story 34

Among the variety of advertising and promotional options used by cable systems to boost their subscriber bases, direct sales and telemarketing campaigns continue as the mainstays of MSO marketing plans for 1986.

MEDIA WATCH

TV ad bureau notes shift in viewer habits

NEW YORK In reporting a record level of daily television viewing for 1985, Television Bureau of Advertising analysts observed that on average, viewers spent a little less time viewing broadcast programming last year, and a little more time watching cable material. But they also stressed that the trend had shown a marked reversal in favor of over-the-air TV during the fourth quarter.

Drawing its conclusions last week from A.C. Nielsen's annual survey, TBA noted that daily telecast viewing averaged seven hours and 19 minutes per

household in 1985, a two-minute increase from the previous year. Since 1975, average daily TV usage, as charted by the broadcast-supported 16.6-minute day, has gone up anually by at least three minutes. Last year's results, while a record, represents the simplest rise in nearly a decade.

On average, each American television household viewed over-the-air programming set hours and 11 minutes per day, five minutes less than in 1984, according to the report. By contrast, basic cable services were turned on 14 minutes per day per household, five

minutes more than one year earlier, and pay cable services were watched 27 minutes per day per household, a two-minute gain over the 1984 level. The sum of the three categories does not match up with the overall daily viewing figure because of duplication among multi-set households.

However, TBA officials noted that as the year progressed, the viewing time for broadcast increased while the level for basic cable stabilized and pay cable lost ground. For the first eight months of 1985, over-the-air viewing averaged six hours and 20 minutes, compared with 14 minutes for basic services and 28 minutes for pay services. From September on, broadcast viewing time averaged six hours and 11 minutes per household, while basic service remained at 14 minutes and pay channels went to 26 minutes.

Roger Rice, TBA's president, labeled that part of the trade organ's report "especially significant," claiming that it reversed the prevalent trend of declining broadcast and increasing cable audience shares over the last few years. One analyst there guessed that the September-December result was based on NBC's resurgence in the prime time ratings this season, increased VCR use and more attractive programs on independent stations.

Cabletelevision Advertising Bureau officials declined to comment on TBA's report last week, saying that they needed more time to study its findings.

Simon Applebaum

Average viewing time spent per TV household per day/1983-1985

(hours, minutes)

Year	All Services	Over The Air Channels	Basic Services	Pay Services
1983	7:02	6:30	24	23
1984	7:08	6:36	29	25
1985	7:10	6:31	14	27

NOTE: All services figures do not match sum of other categories because of duplication within multi-set households

Source: A.C. Nielsen and Television Bureau of Advertising

Hi-tech draws interest at NATPE

NEW ORLEANS While the focus at the recent National Association of Television Programming Executives convention was almost exclusively programming, a couple of technical innovations drew special attention, particularly a Japanese high definition television system called "Hi-Vision."

Presented at a NATPE session on new technology, the system also drew crowds at the NHK Enterprises booth. The system employs more than twice the usual number of scanning lines—1,125 against the now standard 525. In addition, it generates more than five times the amount of pictorial information of current systems and can allow wide-screen images at a 4:3 ratio instead of the standard 14:9. Hi-Vision is particularly valuable for large-screen applications, NHK says, because the increased number of scan lines radically reduces the fuzziness and grain-

iness often in appeal to the viewer's eye.

Naohiko Shimada, a representative from the Hi-Vision Program Engineering Project at NHK, said a NATPE staff Hi-Vision could be "the high definition wide-screen system for the future," adding that the system's "full-scale" PCM stereo sound was another factor in enhancing its appeal. Shimada said that work on the project had begun 10 years ago at NHK by the company's technical research laboratories, and that it "greatly contributed in developing a brand-new compression technology that would allow for use of the NHK system on multiple channels."

Shimada was conservative in his predictions about when the Hi-Vision system might find acceptance in the American television market. He said the system would be incompatible with existing TV receivers, and initial

Hi-Vision monitors would probably cost in the \$2,000 range.

Also presented at the technology session was a Kiriband satellite news gathering (SNG) network being established by Comco Communications of Minneapolis. The system, which currently has 11 member stations across the country, uses a fleet of mobile news-gathering vans to uplink news reports to RCA Americom's recently launched K-1 satellite.

Charles Dutcher, vice president and general manager of Comco, said the company currently has leased three transponders on the satellite and would soon increase that number to five.

Turner Broadcasting is also looking into Kiriband satellite news-gathering, and is planning to launch a system similar to that of Comco by the second quarter of this year. The company is saying that it hopes to have 30 affiliates signed up in its first year.

John Molavadi

CABLE STATS

Cable Industry Growth Chart

YEAR	TVHH	Homes Passed	Basic Subscribers	% of TVHH	Pay Subscribers	% of TVHH
1990E	93,900,000	81,783,000	50,706,000	54	32,959,000	35
1989E	92,800,000	79,109,000	48,256,000	52	30,883,000	33
1988E	91,000,000	75,833,000	45,500,000	50	28,665,000	32
1987E	89,300,000	71,137,000	41,971,000	47	26,022,000	30
1986E	87,800,000	68,121,000	39,510,000	45	24,101,000	27
1985	86,304,000	64,571,000	36,120,000	42	21,672,000	25
1984	84,600,000	59,989,000	32,994,000	39	19,764,000	23
1983	83,500,000	53,641,000	30,300,000	36	17,877,000	21
1982	82,800,000	49,100,000	28,200,000	34	15,898,000	19
1981	80,700,000	44,000,000	22,596,000	28	11,804,000	15
1980	77,800,000	37,300,000	18,672,000	24	7,780,000	10
1979	76,300,000	32,700,000	16,023,000	21	5,341,000	7
1978	74,500,000	27,200,000	14,155,000	19	2,980,000	4
1977	73,300,000	24,894,000	13,194,000	18	1,466,000	2
1976	71,114,000	21,989,000	12,094,000	17	505,000	1
1975	69,600,000	19,900,000	11,136,000	16	N/A	N/A

Source: CableProFile Data Base, INTERNATIONAL COMMUNICATIONS RESEARCH

Cable barometer

Television households (TVHH)	86,304,000
Homes passed by cable (HP)	64,571,000
Percent of TVHH passed by cable	74.7%
Basic cable subs	36,120,000
Percent of TVHH with basic cable	41.8%
Percent of HP with basic cable	56.0%
Pay cable subs	21,672,000
Percent of TVHH with pay cable	25.1%
Percent of HP with pay cable	33.6%
Percent of basic subs with pay cable	60.0%

Source: CableProFile Data Base, INTERNATIONAL COMMUNICATIONS RESEARCH

Satellite lineup

Satcom III-R (RCA Americom)

	Transponder
Arts & Entertainment	24
BET	20
CNN Cable Network	28
Cinemax (West)	22
ESPN (Blackout)	7
External World Television Network	12
Financial News Network	14
Genesis Storytime	8
HBO (West)	18
ITN	16
Home Shopping Network	26
The Learning Channel	16
Lifetime	17
MTV	11
National Jewish Television	18
Nickelodeon	1
PTL	3
Reuter Monitor Service	18
Showtime (West)	10
SPN	6
Stingline	13
TV Decisions	24
The Learning Channel	16
Trinity Broadcasting Network	2
Video Hits One	17
Viewer's Choice	20
The Weather Channel	21

Satcom IV (RCA Americom)

	Transponder
American Movie Classics	10
Biznet	6
Bravo	2
C O M B Value Network	2
Bit Video USA	18
Home Shopping Network 2	1
Home Sports Entertainment	11
Home Team Sports	22
Liberty Broadcasting Network	1
Madison Square Garden	6
New England Sports Network	13
Nickelodeon (West)	1
Nostalgia Channel	22
The Playboy Channel	23
Prime Ticket	24
The Silent Network	6
SportsVision	6
WPIX - New York	19

Westar III (Western Union)

CNN	2
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Westar IV (Western Union)

Atlantic City Horse Racing	6
Cable News Network (CNN)	16
Catholic Telecommunications Network of America	11
Public Broadcasting Service	15, 17, 21, 23
Texas State Network	2
Word of Faith Satellite Network	6

Westar V (Western Union)

Famous Unrestricted Network (FUN)	24
FUN Weekend Pay per view	24
The Meadows Racing Network	22
Pro-Am Sports System (PASS)	14
The University Network	2

Telstar 303 (AT&T)

	Transponder
American Exotic	19
Country Music Television (CMTV)	18
KTTV (Dallas)	22
Solar TV	13

Galaxy I (Hughes)

	Transponder
CNN Cable Network	11
Cinemax (East)	19
CNN	7
C-SPAN	13
The Discoveries Channel	22
The Disney Channel (East)	4
(West)	24
ETN	3
ESPN	9
GalaVision	20
HBO (East)	23
Headline News	6
Kerlan National Television Magazine	18
Mood's Broadcasting Network	3
The Movie Channel (East)	10
(West)	14
The Nashville Network	2
PTL	17
Sedburg Lifestyle Music	3
Showtime (East)	5
SN	6
Stingline	13
WGN	3
WOR-TV	15
WTBS	18

Spacenet I (GTE)

ACTS	15
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Note: A company name in parentheses following a service or network designates the transponder owner.
Source: International Thomson Communications Inc.

Top 100 MSOs

Rank	Multiple system operator	Basic subs
1	Telcel Communications Inc.	1,179,621
2	American Television and Communications Corp.	1,093,140
3	Group W Cable	1,071,000
4	Storer Cable Communications	1,027,000
5	Cox Cable Communications	1,000,000
6	Warner Amex Cable Communications Inc.	1,000,000
7	Continental Cablevision	1,000,000
8	Times Mirror Cable Television Inc.	990,000
9	United Cable Television	970,000
10	Newhouse Broadcasting	967,000
11	Viacom Cablevision	963,000
12	U.S. Cablevision Corp.	911,000
13	Spectrum Communications Inc.	900,000
14	Horizon Communications Inc.	880,000
15	Cablevision Co.	880,000
16	Rogers Cablevision Inc.	860,000
17	United Cablevision Inc.	850,000
18	Comcast Cable Communications	840,000
19	Telecable Corp.	830,000
20	McLain Communications	820,000
21	Capital Area Cable Co.	810,000
22	Prime Cable Corp.	800,000
23	American Cablevision Corp.	790,000
24	Group W Cable Television Company	780,000
25	Worshipful Cable TV Inc.	770,000
26	New York City Cable	760,000
27	Cablevision Inc.	750,000
28	Danish & Associates	740,000
29	TV Group	730,000
30	Multi-Channel Cablevision Inc.	720,000
31	Maclean-Hunter Cable TV Ltd.	710,000
32	United Cable TV	700,000
33	Spectrum Cable	690,000
34	Telecable Corp.	680,000
35	Telecable Corp.	670,000
36	Telecable Corp.	660,000
37	Telecable Corp.	650,000
38	Telecable Corp.	640,000
39	Telecable Corp.	630,000
40	Telecable Corp.	620,000
41	Telecable Corp.	610,000
42	Telecable Corp.	600,000
43	Telecable Corp.	590,000
44	Telecable Corp.	580,000
45	Telecable Corp.	570,000
46	Telecable Corp.	560,000
47	Telecable Corp.	550,000
48	Telecable Corp.	540,000
49	Telecable Corp.	530,000
50	Telecable Corp.	520,000
51	Telecable Corp.	510,000
52	Telecable Corp.	500,000
53	Telecable Corp.	490,000
54	Telecable Corp.	480,000
55	Telecable Corp.	470,000
56	Telecable Corp.	460,000
57	Telecable Corp.	450,000
58	Telecable Corp.	440,000
59	Telecable Corp.	430,000
60	Telecable Corp.	420,000
61	Telecable Corp.	410,000
62	Telecable Corp.	400,000
63	Telecable Corp.	390,000
64	Telecable Corp.	380,000
65	Telecable Corp.	370,000
66	Telecable Corp.	360,000
67	Telecable Corp.	350,000
68	Telecable Corp.	340,000
69	Telecable Corp.	330,000
70	Telecable Corp.	320,000
71	Telecable Corp.	310,000
72	Telecable Corp.	300,000
73	Telecable Corp.	290,000
74	Telecable Corp.	280,000
75	Telecable Corp.	270,000
76	Telecable Corp.	260,000
77	Telecable Corp.	250,000
78	Telecable Corp.	240,000
79	Telecable Corp.	230,000
80	Telecable Corp.	220,000
81	Telecable Corp.	210,000
82	Telecable Corp.	200,000
83	Telecable Corp.	190,000
84	Telecable Corp.	180,000
85	Telecable Corp.	170,000
86	Telecable Corp.	160,000
87	Telecable Corp.	150,000
88	Telecable Corp.	140,000
89	Telecable Corp.	130,000
90	Telecable Corp.	120,000
91	Telecable Corp.	110,000
92	Telecable Corp.	100,000
93	Telecable Corp.	90,000
94	Telecable Corp.	80,000
95	Telecable Corp.	70,000
96	Telecable Corp.	60,000
97	Telecable Corp.	50,000
98	Telecable Corp.	40,000
99	Telecable Corp.	30,000
100	Telecable Corp.	20,000

Subscriber counts are provided by MSOs and systems to International Thomson Communications Inc. Figures will be updated quarterly unless information is provided by MSOs or systems. Send updates to CableVision, Attention: Cable Stats, P.O. Box 3208 T.A., Denver, CO 80217.

Top 100 systems

Rank	Location	Operator	Basic subs
1	San Diego, CA	Cox Cable	264,963
2	Wheatbury Long Island, NY	Cablevision Co.	242,946
3	Manhattan, NY	ATC	209,900
4	San Antonio, TX	Rogers Cablevision	200,205
5	Florida Division (Orlando/Orlando Beach)	ATC	193,700
6	Houston, TX	Warner Amex	194,300
7	East Orange, NJ	Marion Hunter	174,915
8	Honolulu, HI	ATC	170,490
9	Phoenix, AZ	Times Mirror	142,000
10	San Jose, CA	Storer Cablevision	140,539
11	Waco, TX	U.S. Cablevision	140,500
12	Tulsa, OK	United Cable	137,718
13	Cincinnati, OH	Warner Amex	137,000
14	Englewood, CO	United Cable	131,000
15	Plainsville/Hartford	United Cable	130,000
16	Manhattan, NY	Group W Cable	126,400
17	Asheville, NC	New York Times	123,437
18	Chapel Hill, NC	Cox Cable	124,961
19	Atlanta, GA	Group W Cable	120,755
20	Long Beach, CA	Prime Cable Corp.	119,000
21	Baltimore County, MD	ATC	117,629
22	Washington, DC	ATC	117,000
23	St. Louis, MO	Continental	111,000
24	Jacksonville, FL	Continental	110,000
25	Seattle, WA	Group W	109,700
26	San Jose, CA	U.S. Cablevision	107,200
27	Murphy, TX	ATC	106,000
28	Columbus, OH	Hurricane Cablevision	104,000
29	Central Islip/Long Island, NY	Viacom	103,000
30	San Jose, CA	Harris Cable Corp.	102,875
31	Austin, TX	ATC	102,500
32	Charlotte, NC	ATC	101,700
33	Jefferson Parish/Kenner, LA	Cox Cable	97,229
34	San Francisco, CA	Viacom	93,000
35	Warren, NJ	TRB Cable	92,978
36	San Diego, CA	ATC	92,100
37	Seattle, WA	Viacom	92,000
38	Wilmington, DE	Hollins Cablevision	90,649
39	Dallas, TX	Heritage	90,499
40	Portage, VA	Media General	90,012
41	Los Angeles, CA	Falcon Communications	88,137
42	Grand Rapids, MI	U.S. Cablevision	85,000
43	Omaha, NE	American Cablevision	84,850
44	Los Angeles, CA	ATC	84,700
45	Washington, DC	Multi-Media Cablevision	84,198
46	New Orleans, LA	Cox Cable	79,914
47	Dade/Broward, FL	Storer Cable	79,717
48	Dayton, OH	Tele-Communications Inc.	79,696
49	Cape Canaveral, FL	Viacom Cable	78,600
50	Indianapolis, IN	Indianapolis Cablevision	76,786
51	Boston, MA	Cablevision Co.	76,318
52	South Texas, TX	Heritage Communications	76,224
53	Boston, MA	Cablevision	75,524
54	Richmond, Hampton, VA	Continental	75,250
55	Providence, RI	Continental	73,515
56	San Jose, CA	Cable TV of the Pacific Sound	72,436
57	South Bend, IN	Heritage Communications	71,173
58	Albany, NY	Service Electric	70,000
59	Cleveland/Hughes, OH	Viacom	70,000
60	Greensboro, NC	ATC	69,200
61	San Jose, CA	Group W	68,000
62	Omaha, NE	Cox Cable	67,917
63	Chicago, IL	Group W	66,840
64	Chicago, IL	ATC	65,800
65	New York, NY	Viacom	65,000
66	Keosauqua, IA	ATC	64,800
67	Columbus, OH	Warner Amex	64,670
68	St. Petersburg, FL	Group W	64,500
69	St. Louis, MO	New Channel Corp.	63,899
70	Buffalo, NY	Tele-Communications Inc.	63,898
71	Akron, OH	Warner Amex	63,500
72	Detroit/Comcast (Madison, MI)	Warner Amex	63,180
73	Hartford, CT	Times Mirror Cable	62,882
74	Monterey, CA	Western Communications	62,847
75	Fortyville, NC	ATC	62,100
76	El Paso, TX	Group W	62,000
77	Las Vegas, NV	Times Mirror Cable	61,892
78	Des Moines, IA	Heritage Communications	61,538
79	San Barbara, CA	Cox Cable	61,417
80	Madison, WI	Tele-Communications Inc.	61,257
81	Shelton/County, WA	Viacom	61,000
82	Oakland, CA	Cox Cable	60,836
83	New Haven, CT	Storer Cable	60,682
84	Sarasota, FL	Storer Cable	60,631
85	Albany, GA	Storer Cable	60,253
86	West Palm Beach, FL	Group W	60,000
87	Metairie, LA	Cablevision	60,000
88	Sarasota, FL	Storer Cable	59,967
89	Huntingham, AL	ATC	59,400
90	El Paso, TX	Summons Communications	59,000
91	Oakland, CA	United Cable	59,000
92	Harrisburg, PA	Summons Communications	58,600
93	New Britain, CT	United Cable	58,282
94	Honolulu, HI	Cablevision Co.	57,896
95	Indianapolis, IN	Scripture Howard	57,100
96	Charleston, SC	ATC	57,100
97	Chicago Suburbs (Oak Park, IL)	Storer Cable	56,869
98	Knoxville, TN	Cablevision Co.	56,790
99	Albuquerque, NM	TeleScripps	56,715
100	Standard/Fairfield, CT	TeleScripps	56,503

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